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## THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National	Intelligence	Officers
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NSC review completed

1**4** May 1981

BACKGROUND MEMORANDUM

SUBJECT: 25 May NSC Meeting: US Policy in Central America and

the Caribbean

- IG Meetings. The basic strategy paper (completed in March) evolved from a series of IG meetings chaired by State Department Counsellor McFarlane. C/LA/DDO represented CIA and solicited comments on earlier drafts from NIO/LA and C/LA/OPA. I judge (C/LA/DDO disagrees) that CIA's overall impact on the analytical aspects of this essentially State-DOD product was limited. There was no CIA participation in the two follow-on papers (Counterinsurgency and Economic Development).
- SIG Meeting. Deputy Secretary Clark, on 16 March, chaired a SIG meeting on an earlier version of the basic strategy paper, with A/DDO and C/NIC attending. Deputy Secretary Carlucci, reflecting a DOD concern that the exercise overstated US military capabilities, urged that the Cuban and Soviet "Strategic Elements" (2 of a total of 8) not be considered by the NSC until separate SIGs devise overall strategies toward those countries. A compromise was reached: the comprehensive approach was retained; notices were attached to the Cuban and Soviet portions indicating the need for separate SIG exercises. If this dispute reemerges, recommend that DCI approve discussion of Cuban and Soviet strategies: they are essential to a workable approach; as presented, they are rather elastic and can be included for "general blessing"; these and other elements will get arduous fine tuning.

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- b. NFAC agrees that an integrated approach is long overdue and believes the one presented is comprehensive and balanced. Definition of a basic strategy is but the first essential step. Delineation of the strategic elements and successful implementation will be major undertakings.
- 4. <u>DCI Briefing</u>. Unlikely, but one on Cuba and one on Nicaragua-Honduras are provided.
  - 5. Policy Decisions for NSC (page 4, Executive Summary)
  - a. Recommend DCI approval of <u>general strategy</u>: this is a commendable start on a long, tough journey.
  - b. Relative priority: "enhanced" vs "all-out" packages. Recommend "all-out" for improving political, economic, and social conditions; "enhanced" for security assistance, confronting Cuba, and changing Nicaragua. This approach is most likely to generate international and Congressional support. Major near-term conflict with Cuba and efforts to overthrow Sandinistas would endanger this support, as would too conspicuous moves toward security assistance.
  - c. <u>Consultations</u>. Hard to oppose, but to be effective must emphasize economic and political reforms.

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6. This Background Memorandum has been discussed with C/LA/DDO and C/LA/OPA.

Jack Davis NIO/LA

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